Pediatric Dental Benefit Coverage - Recommendation

SUMMARY

This Board Recommendation Brief sets out a recommended course of action for Covered California's pediatric dental benefit for plan year 2015; summarizes its rationale, including price impact; recaps planning and policy milestones; and provides an alternative option.

BACKGROUND

The pediatric dental market within the Exchange is small compared to the broader individual exchange market, but the design of dental benefits for children has generated a very high level of interest and concern among all facets of the stakeholder community. Covered California estimates that about 5% (or about 140,000 children) of the subsidy eligible population in California are under age 19 and eligible for a subsidized dental benefit on the individual Exchange. An additional 280,000 children are in families that are likely to purchase Exchange products, though they are not subsidy-eligible.

On August 8, 2013, a special Board meeting was held to review decisions and options around pediatric dental benefits. A Board Review Brief prepared for the meeting provided an extensive analysis of statute, regulation, and Covered California progress to date on pediatric dental benefits; it also suggested next steps. The Board emphasized its policy commitment to embedding pediatric dental services in contracted health plan rates, and directed staff, in consultation with stakeholders, to develop a recommendation that would provide for an embedded option for the 2015 plan year. Wakely Consulting Group was asked to provide a technical analysis of pediatric dental benefit options for Covered California, and its report was reviewed by stakeholders on two occasions and presented to the Board on November 21, 2013.

The November 21, 2013 staff recommendation of an embedded pediatric dental benefit, together with a standalone option, was envisioned as the most efficient method to reach these goals:

1. Maximize the availability of the advanced premium tax credit for the pediatric dental benefit
2. Ensure the enrollment of all eligible children ($\leq$18) in the pediatric dental benefit
3. Ensure the application of all consumer protections to the dental benefit
4. Fairly spread the cost of the dental benefit across populations with and without children
5. Equalize benefit design (coverage) on and off the Exchange
6. Structure cost sharing to ensure a meaningful dental benefit (out-of-pocket maximums; deductibles)

After the November Board meeting, where stakeholders expressed both strong support and concerns regarding the proposed benefit, Covered California convened stakeholders around an alternative proposed by the California Association of Dental Plans, and later asked Wakely Consulting for some additional scenario analysis (that analysis is attached as Appendix 2) to evaluate both its own proposal and the alternative. After careful consideration of the alternative proposal (also attached), stakeholder input, and Wakely's analyses, staff reached the following conclusions.

- Embedding is the simplest way to assures the availability of advance premium tax credit dollars to enrollees

- Under California's current standalone design, families purchasing pediatric dental benefits are foregoing an estimated $8.6 million to $21.2 million tax credit dollars per year in California. While the California Association of Dental Plans disagrees with this estimate, our estimates make it clear both that some millions of dollars are not being made available to consumers, while at the same time these dollars are small compared to the total premium dollars in the Exchange marketplace.[*]

- The alternative proposal by the California Association of Dental Plans, (to allow all policy types--10.0, 9.5, .5, and bundled-- in every metal tier, including silver, but limit the second lowest cost silver level plans to an embedded-only product for the express purpose of setting the Advance Premium Tax Credit [APTC] amount), creates complexity at the design, bid, negotiation, and consumer interface levels. This high complexity will, staff believe, work against the goal of maximizing enrollment: Covered California believes its simplicity of plan offerings has supported its strong enrollment.

- Embedded rates address maximum enrollment of children by the inclusion of pediatric dental benefits in all health plan enrollments and removing the need to impose a separate requirement to enroll.

- Consumer protections found uniquely in Covered California's standalone dental model contract will be further supported by protections in statute and regulation once dental benefits are embedded with health care benefits.

- Embedding spreads the cost of dental benefits for children across the full enrollee population, in the manner of pediatric vision benefits. The result is a lower price for the dental benefit, according to Wakely Consulting estimates prepared for the Covered California Board.

    - For a family of four, embedding the dental benefit saves about $50/month in premiums, as compared to buying the products separately – a 12.6% difference.[†]

    - Premiums are projected to go up for embedded dental when it is offered in conjunction with the option of a health plan and standalone dental plan.[‡]

- Embedding would bring on-exchange products into parity with those offered off-exchange. Off-exchange products are required to cover all 10 essential health benefits. (Plans have the option of bundling or embedding under the Department of Managed Health Care, while under the California Department of Insurance, embedding is required.)

Some important plan design issues remain open. Cost sharing has yet to be fully addressed in an embedded design. Covered California anticipates the use of essentially identical standard benefit designs for both standalone and embedded dental products, and use of the same benchmark, but deductible and out-of-pocket maximums have not been developed. The new federal AV calculator and pediatric dental cost sharing will not be finalized until later in 2014, and this will have an impact on

[*] See Table 4A a in Appendix 2. The actual amount will depend on distribution of enrollment into dental HMO's and dental PPO's.

[†] See Table 3 in Appendix 2. At income level of 251% of the Federal Poverty Level; two 40 year old parents and two children. A health plan with dental embedded premium is $397 per month (after applying tax credit dollars), while $447 is the price for the same family purchasing a health plan plus a standalone dental. Difference: [($447-$397)/397]*100 = 12.594%

[‡] See Table 1D, 1E, and 1F in Appendix 2

health and dental plan rate decisions. The method of application of SB 639's cap on out-of-pocket maximums offers some serious challenges in the event of duplicate coverage; these merit further discussion along with other design issues.

ISSUES CONSIDERED

The California Association of Dental Plans, in addition to proposing an alternative design, has communicated its members' strong concerns about the benefit option proposed by staff at the November 21, 2013 Board meeting. The Association has raised its concerns directly with Board members and staff, and also through the Plan Management advisory committee and Ad Hoc dental workgroups. In response to those concerns, which are recapped below, Covered California offers the following considerations:

- *It is a limitation of consumer choice to embed dental plan with qualified health plans*
    - Covered California's selective contracting and simple plan designs are one factor in California's strong enrollment numbers. A key element of selective contracting is in fact limiting options in order to provide price advantage for the enrolled population.
- *Mandating purchase, even for those without children, is not a fair way to offer dental benefits*
    - Currently, enrollees in health plans are "mandated" to purchase pediatric vision benefits, for example, whether they have children or not. Enrollees are not purchasing a service – they are purchasing a plan whose benefits will not be identically accessed by all participants.
- *Continuity of care will be jeopardized for current pediatric dental enrollees who may be terminated at end of plan year 2014 and be required to select a different dental and perhaps a different health plan.*
    - Covered California's approach will be to work collaboratively with partner plans to minimize any disruption. While there is the potential of some consumers needing overlap to change providers, the transition should be further smoothed due to the commonality of providers across dental networks.
- *Multi-year contracts with Covered California for standalone dental plans will now become redundant.*
    - It is Covered California's intention to use the contracts as a platform for creation of a supplemental family dental product.
    - Covered California acknowledges that the market for standalone dental plans under this benefit offering will shift.
- *Covered California is out of compliance with the ACA in creating an environment in which health plans might prefer not to bid a "medical only" plan.*

- Covered California is in compliance with the ACA, as it will accept a standalone dental plan that is bid and meets certification criteria, and will additionally offer a "medical only" ("9.5") plan on the Exchange if bid in accord with certification and design criteria, consistent with Federal law.

- *Loss of competition in the market through embedding will increase prices, and lower quality and choice.*

  - The current individual and small group market already demonstrates a lack of choice and competition in dental plans. Only about ¼ of small employers offer any dental coverage, and half of employment nationwide is through small employers. The market in its current state offers very little choice and therefore little competition for dental plans. In an environment where plans are not even available, prices are not the issue.

  - As noted below in Wakely's recent analytics, included in Appendix 2, offering "medical alone" beside an embedded option is likely to increase prices for the embedded product, rather than decreasing them. This is in direct contrast to the assertion that prices in this scenario would be lower due to competition.

In summary, after careful consideration of the alternate proposal by the California Association of Dental Plans, review of additional analytics from Wakely, and consultation with stakeholders, Covered California suggests action on the recommendation offered at the Nov. 21 Board meeting, with one clarification.

At the August 8, 2013 meeting of the Board, the Board fully expressed its recognition of the value of preventive oral health for California's children, and embraced a policy that includes pediatric dental services embedded into contracted health plans. The Board also expressed its intention to make pediatric dental health available to families as an embedded benefit through the Exchange no later than the 2015 plan year.

The Board further directed staff to draft a recommendation for embedded pediatric dental benefits in consultation with stakeholders. ***Consistent with the Board's directive, Covered California recommends that the Exchange offer an embedded pediatric dental benefit side by side with a standalone benefit in plan year 2015 on the individual exchange, understanding that the Exchange must certify an otherwise qualified health plan without a pediatric dental benefit ("9.5") if offered by an issuer in this context.***

APPENDIX 1: FEDERAL AND STATE LAW AND REGULATIONS

		Issue	Citation
Essential Health Benefits			
1	Federal	Pediatric services, including oral and vision care, are included as one of the ten essential health benefits (EHBs). The pediatric dental component is often referred to as a ".5" benefit, where all other benefits are collectively "9.5", and in sum represent the ten EHBs.	42 U.S.C. § 18022(b)(1)(5); 45 C.F.R. § 156.110(a)(10)
2	State	Non-grandfathered health plans sold to individuals and small employers are required to include coverage for all ten EHBs, including pediatric dental coverage.	CA Health and Safety Code (HSC) §1367.005 and CA Insurance Code (CIC) §10112.27 (AB 1453, Chapter 854, Statutes of 2012 and SB 951, Chapter 866, Statutes of 2012 respectively.)
Stand-alone Dental Plans			
3	Federal	The Exchange must allow the offering of limited scope dental plans.	45 C.F.R. § 155.1065 (a)
4	Federal	The ACA allows an issuer of stand-alone dental to offer the plan through the Exchange, either separately or in conjunction with a qualified health plan (QHP), if the dental plan provides pediatric dental benefits that comply with the pediatric EHB dental requirement and the dental plan: • Does not impose annual or lifetime limits on pediatric EHB dental; • Meets the Exchange certification standards except for those QHP standards that cannot be met by dental plans; and • Otherwise complies with applicable federal laws relating to excepted dental benefits.	42 U.S.C. § 300gg-11; 45 C.F.R. § 155.1065(a)
5	Federal	Exchange may allow the dental plan to be offered as a stand-alone dental plan; or in conjunction with a QHP.	45 C.F.R. § 155.1065(b)
6	Federal	Exchanges must consider the collective capacity of stand-alone dental plans to ensure sufficient access to pediatric EHB dental coverage.	45 C.F.R. § 155.1065(c)
7	Federal	If a stand-alone dental plan (a .5 plan) is offered in an Exchange, QHPs without pediatric dental coverage (9.5 plans) will still be allowed.	45 C.F.R. § 155.1065(d)
Advance Premium Tax Credit and Cost Sharing Reductions			
8	Federal	**Tax Credit Calculation:** The tax credit is calculated based on the premium for the second-lowest-cost silver plan, whether or not the plan includes pediatric dental.	26 C.F.R. § 1.36B-3(d), (f), (k)
9	Federal	**Tax Credit Allocation:** Tax credits for individuals and families must first apply to QHP premiums. Remaining tax credits, if any, may be applied to stand-alone dental coverage.	26 C.F.R. § 1.36B-3(k); 45 C.F.R. § 155.340(e)
10	Federal	Cost-sharing reductions to do apply to stand-alone dental plans.	45 C.F.R. 156.440(b)

		Issue	Citation
Purchase Requirements			
11	Federal	Individuals purchasing coverage through the Exchange are not required to purchase pediatric dental EHB coverage.	45 C.F.R. § 155.150; 77 Fed. Reg. 12853 (Feb. 25, 2013)
12	State	State law does not mandate pediatric dental purchase within the Exchange.	Ins. Code § 10112.27(j), (k); Health & Safety Code § 1367.005(j), (k); 10 Cal. Code Regs. § 2594.3(a)(1)
13	Covered CA	The Covered CA Board has the authority to mandate pediatric dental purchase.	Gov. Code § 100503(a), (s)
Requirements Outside of the Exchange			
14	State	California law requires all health coverage outside of the Exchange to include all ten EHBs.	Ins. Code § 10112.27 Health & Safety Code § 1367.005

APPENDIX 2
ANALYSIS OF PORTFOLIO IMPACTS ON PREMIUM AND APTC BY WAKELY CONSULTING GROUP, JANUARY 2014

TABLE 1 - Differences in monthly premium for a defined population in a silver level plan

Not directly considering SB639

A - Two Adults, age 40, two children

	Only 10.0 Embedded Dental	Embedded alongside 9.5 + .5	Only 9.5 + .5 (current 2014 offering)	9.5 + .5 Proposed $300 OOPM	Only 10.0 Embedded alongside .5
Cost of 10.0 (if any)	$ 908	$ 962	Not offered	Not offered	$ 908
Cost of 9.5 (if any)	Not offered	$ 897	$ 897	$ 897	Not offered
Cost of .5 (if any)	Not offered	$ 51	$ 51	$ 58	$ 112
Cost of 9.5+ .5 (if any)	N/A	$ 948	$ 948	$ 955	N/A

B - Two Adults, age 55, no children

	Only 10.0 Embedded Dental	Embedded alongside 9.5 + .5	Only 9.5 + .5 (current 2014 offering)	9.5 + .5 Proposed $300 OOPM	Only 10.0 Embedded alongside .5
Cost of 10.0 (if any)	$ 1,058	$ 1,121	Not offered	Not offered	$ 1,058
Cost of 9.5 (if any)	Not offered	$ 1,046	$ 1,046	$ 1,046	Not offered
Cost of .5 (if any)	Not offered	N/A	N/A	N/A	N/A
Cost of 9.5+ .5 (if any)	N/A	N/A	N/A	N/A	N/A

C - One Adult, age 21

	Only 10.0 Embedded Dental	Embedded alongside 9.5 + .5	Only 9.5 + .5 (current 2014 offering)	9.5 + .5 Proposed $300 OOPM	Only 10.0 Embedded alongside .5
Cost of 10.0 (if any)	$ 237	$ 251	Not offered	Not offered	$ 237
Cost of 9.5 (if any)	Not offered	$ 235	$ 235	$ 235	Not offered
Cost of .5 (if any)	Not offered	N/A	N/A	N/A	N/A
Cost of 9.5+ .5 (if any)	N/A	N/A	N/A	N/A	N/A

Considering SB639

D - Two Adults, age 40, two children

	Only 10.0 Embedded Dental	Embedded alongside 9.5 + .5	Only 9.5 + .5 (current 2014 offering)	9.5 + .5 Proposed $300 OOPM	Only 10.0 Embedded alongside .5
Cost of 10.0 (if any)	$ 908	$ 974	Not offered	Not offered	$ 908
Cost of 9.5 (if any)	Not offered	$ 910	$ 910	$ 901	Not offered
Cost of .5 (if any)	Not offered	$ 51	$ 51	$ 58	$ 112
Cost of 9.5+ .5 (if any)	N/A	$ 961	$ 961	$ 959	N/A

E - Two Adults, age 55, no children

	Only 10.0 Embedded Dental	Embedded alongside 9.5 + .5	Only 9.5 + .5 (current 2014 offering)	9.5 + .5 Proposed $300 OOPM	Only 10.0 Embedded alongside .5
Cost of 10.0 (if any)	$ 1,058	$ 1,136	Not offered	Not offered	$ 1,058
Cost of 9.5 (if any)	Not offered	$ 1,061	$ 1,061	$ 1,050	Not offered
Cost of .5 (if any)	Not offered	N/A	N/A	N/A	N/A
Cost of 9.5+ .5 (if any)	Not offered	N/A	N/A	N/A	N/A

F - One Adult, age 21

	Only 10.0 Embedded Dental	Embedded alongside 9.5 + .5	Only 9.5 + .5 (current 2014 offering)	9.5 + .5 Proposed $300 OOPM	Only 10.0 Embedded alongside .5
Cost of 10.0 (if any)	$ 237	$ 255	Not offered	Not offered	$ 237
Cost of 9.5 (if any)	Not offered	$ 238	$ 238	$ 236	Not offered
Cost of .5 (if any)	Not offered	N/A	N/A	N/A	N/A
Cost of 9.5+ .5 (if any)	N/A	N/A	N/A	N/A	N/A

Assumptions / Notes

Premiums are based on current 2014 offerings. Premium examples use a regional average of the 2nd lowest cost silver 9.5 and 70% DPPO .5 plans.

The cost of a 10.0 plan, when offered alongside 9.5 and .5 plans, is higher than if it were to be offered alone.

The reason is that this depiction asssumes that adults w/o children would select the 9.5 and an enrollment distribution without as many adults would need to be built into the 10.0.

A DPPO network has been assumed for the dental portion of the .5 and 10.0 plans.

Premiums do not reflect any federal subsidies

For the Embedded alongside 9.5+.5, assumes all carriers will offer a 10.0 and a 9.5

No selection differences assumed when 10.0 are offered alongside 9.5

No selection assumed in .5 plans when they are offered alongside both 10.0 and 9.5 plans

No administrative cost increases for two separate policies over only one policy assumed

10.0 Embedded plans have an integrated OOPM

When 10.0 plans are offered alongside 9.5 and 0.5 plans, the relative cost of the 10.0 versus the combined 9.5 and 0.5 will vary by family composition and ages. In some cases, families will have a lower 10.0 premium (families with younger parents and/or more children) and in other cases, families will have higher 10.0 premiums (families with older parents and fewer children).

When a .5 is offered along side a 10.0 a selection load of 1.95 was utilized. There is considerable uncertainty on what the actual selection would be and whether or not the market would be viable.

The development of the selection load in this analysis assumed the following -

No differences in network between the dental benefits embedded in the 10.0 plan and the standalone .5 plan (DPPO was assumed for both)

The only difference between the dental benefit in the embedded and standalone .5 plans would be an OOPM of $1,000 / $300 respectively

Purchase of .5 policies would predominantly come from two places -

- (1) Families enrolled in 10.0 policies inside the exchange who had reason to believe they would be better off purchasing the .5 policies (with richer benefits)
- (2) People who purchased pediatric dental coverage in the private market, prior to 2014 with reason to believe the exchange plan offers better value than plans sold outside the exchange

The selection factor was dependent on the proportion of enrollment and risk relativity of (1) and (2). Assumed enrollment for (1)|(2) is aprx 11k|60k respectively.

Expected enrollment for (1) was developed from the 2014 exchange projections from CalSIM. Relative morbidity was developed using analysis of continuance tables in Wakely report.

Expected enrollment for (2) was developed using a report from the California HealthCare Foundation and an assumption that aproximately 20% of those with private coverage to switch

Assumed enrollment for (1)|(2) is aprx 11k|60k respectively. The total risk pool will depend heavily on the mix of enrollment.

As previously noted,it is very possible that a .5 policy that sits on the exchange alongside a 10.0 could quickly escalate prices and lose enrollment if not enough people of average risk enroll

Table 2 - Annual premium increase to Childless Adults by offering only Embedded Pediatric Dental (Region 4 Example)

Age	21-24		30 Years		50 Years		64+ Years	
	<= 325% FPL	> 329% FPL	<= 369% FPL	> 373% FPL	<= 400% FPL	> 400% FPL	<= 400% FPL	> 400% FPL
DPPO	$0	$39	$0	$44	$0	$70	$0	$117
DHMO	$0	$13	$0	$15	$0	$24	$0	$40

Assumptions / Notes

For the younger single adults, whether or not they see a cost increase depends on the price of the policy and their FPL.
Using current 2014 premiums for Region 4, 21 year olds making more than aprx 325% of FPL would see price increases.
Full increases of $39 for DPPO apply starting at 329% FPL and full increases of $13 for DHMO starting at 327% FPL
Partial increases for DPPO between 325 - 329% FPL and for DHMO between 325 - 327% FPL
For 30 year olds, those making more than aprx 369% of FPL would see price increases.
The price increases would phase out entirely for around age 36 making anywhere below 400% FPL.

Numerical Examples (Assuming DPPO)

Age	9.5 Premium	10.0 Premium	% Income	Breakeven Income - 9.5	Breakeven Income - 10.0	100 % FPL	Max FPL for subsidy 9.5	Max FPL for subsidy 10.0
21 - 24	$3,552	$3,591	9.5%	$37,385	$37,797	$11,490	325%	329%
30	$4,031	$4,076	9.5%	$42,433	$42,900	$11,490	369%	373%
36	$4,368	$4,416.64	9.5%	$45,984	N/A	$11,490	400%	N/A

Numerical Examples (Assuming DHMO)

Age	9.5 Premium	10.0 Premium	% Income	Breakeven Income - 9.5	Breakeven Income - 10.0	100 % FPL	Max FPL for subsidy 9.5	Max FPL for subsidy 10.0
21 - 24	$3,552	$3,565	9.5%	$37,385	$37,526	$11,490	325%	327%
30	$4,031	$4,046	9.5%	$42,433	$42,592	$11,490	369%	371%
36	$4,368	$4,385	9.5%	$45,984	N/A	$11,490	400%	N/A

Table 3 - Premium Dollars saved vs. Actual Total Costs (After Application of APTC)

Column	Description	Note
Current	9.5 w/$6,350|$12,700 & .5 w/$1,000|$2,000 OOPMs	Current 2014 environment
Considering SB639	9.5 w/$5,350|$10,700 & .5 w/$1,000|$2,000 OOPMs	Structure to comply with SB639, **not** reflecting Nov 13 HHS proposed guidelines
SB639 & HHS proposed rul	9.5 with $6,050|$12,300 & .5 w/$300|$400 OOPMs	Structure to comply with SB639, **and** reflecting Nov 13 HHS proposed guidelines
Embedded 10.0	10.0 w/ $6,350|$12,700 & $1,000|$2,000 OOPMs	Recommended option in Wakely paper

	Premium Dollars saved vs. Actual Total Costs for Family of 4 (After application of APTC)											
	9.5 w/$6,350|$12,700 & .5 w/$1,000|$2,000 OOPMs			9.5 w/$5,350|$10,700 & .5 w/$1,000|$2,000 OOPMs			9.5 with $6,050|$12,300 & .5 w/$300|$400 OOPMs			10.0 w/ $6,350|$12,700 & $1,000|$2,000 OOPMs		
	Current			**Considering SB639**			**SB639 & HHS proposed rule**			**Embedded 10.0**		
	251% FPL	351% FPL	401% FPL	251% FPL	351% FPL	401% FPL	251% FPL	351% FPL	401% FPL	251% FPL	351% FPL	401% FPL
Actuarial Value												
Medical	71.9%			72.9%			72.2%					
Dental	68.2%			68.2%			77.0%					
Total	71.7%			72.7%			72.4%			71.8%		
Average Annual OOP Cost												
Medical	$3,577			$3,448			$3,540					
Dental	$243			$243			$176					
Total	$3,820			$3,690			$3,716			$3,831		
Monthly Premium (Before APTC)												
Medical	$897			$910			$901					
Dental	$51			$51			$58					
Total	$948			$961			$959			$908		
APTC	$501	$243	$0	$514	$256	$0	$505	$247	$0	$511	$253	$0
Monthly Premium (After APTC)												
Medical	$397	$654	$897	$397	$654	$910	$397	$654	$901			
Dental	$51	$51	$51	$51	$51	$51	$58	$58	$58			
Total	$447	$705	$948	$447	$705	$961	$454	$712	$959	$397	$654	$908
Total Costs : Avg Annual OOP + Annual Premium												
Medical	$8,335	$11,429	$14,346	$8,206	$11,300	$14,369	$8,299	$11,393	$14,353			
Dental	$854	$854	$854	$854	$854	$854	$866	$866	$866			
Total	$9,189	$12,284	$15,201	$9,060	$12,155	$15,223	$9,165	$12,259	$15,219	$8,589	$11,684	$14,722
Total Costs as % of Income	15.5%	14.9%	16.1%	15.3%	14.7%	16.1%	15.5%	14.8%	16.1%	14.5%	14.1%	15.6%

Assumptions / Notes

Premiums are based on current 2014 offerings. Premium examples use a regional average of the 2nd lowest cost silver 9.5 and 70% DPPO .5 plans.
Family of 4 consists of two 40 year old adults and two children, results will vary for other family compositions and ages
Actuarial value calculations based on Wakely's November paper. Calculations made for a family of 4 using -
- Medical Claim data from 2014 Federal AV calculator
- Dental claim data from Tower's Watson continuance tables with adjustments to reflect CA 2014 pediatric dental environment

To calculate average projected medical OOP costs -
- Allowed dollars were built up using current 2014 9.5 regional average premium for a family of 4 ($897) and an 85% loss ratio
- Average annual OOP spend for a family of 4 was calculated based on the allowed amount x (1-Actuarial value) for each column
- Dental allowed followed a similar approach using a regional premium (2 kids) of $51 and an 85% loss ratio
- No differences in utilization or selection were assumed

Table 4 - Illustrative of annual APTC lost in current state

A. Using 2nd lowest silver 9.5 and 2nd lowest 70% DHMO .5 plan

	251% - 300% FPL			301% - 400% FPL			251% - 400% FPL		
Region	Children	2014 Lost APTC	Lost APTC per Child	Children	2014 Lost APTC	Lost APTC per Child	Children	2014 Lost APTC	Lost APTC per Child
1	822	$ 149,316	$ 182	1,108	$ 201,235	$ 182	1,929	$ 350,551	$ 182
2	929	$ 139,273	$ 150	1,252	$ 187,701	$ 150	2,182	$ 326,974	$ 150
3	1,551	$ 213,787	$ 138	2,090	$ 288,124	$ 138	3,640	$ 501,911	$ 138
4	587	$ 72,464	$ 123	791	$ 97,660	$ 123	1,378	$ 170,124	$ 123
5	767	$ 105,774	$ 138	1,034	$ 142,553	$ 138	1,801	$ 248,327	$ 138
6	1,105	$ 136,018	$ 123	1,489	$ 183,314	$ 123	2,594	$ 319,332	$ 123
7	1,306	$ 160,758	$ 123	1,760	$ 216,656	$ 123	3,065	$ 377,414	$ 123
8	525	$ 72,434	$ 138	708	$ 97,621	$ 138	1,233	$ 170,055	$ 138
9	573	$ 85,929	$ 150	773	$ 115,808	$ 150	1,346	$ 201,737	$ 150
10	1,261	$ 188,984	$ 150	1,699	$ 254,697	$ 150	2,960	$ 443,681	$ 150
11	677	$ 93,363	$ 138	913	$ 125,826	$ 138	1,590	$ 219,189	$ 138
12	1,178	$ 162,438	$ 138	1,588	$ 218,920	$ 138	2,766	$ 381,358	$ 138
13	175	$ 24,188	$ 138	236	$ 32,599	$ 138	412	$ 56,787	$ 138
14	463	$ 57,201	$ 123	624	$ 77,090	$ 123	1,088	$ 134,291	$ 123
15	3,309	$ 381,196	$ 115	4,460	$ 403,706	$ 91	7,769	$ 784,902	$ 101
16	4,236	$ 488,009	$ 115	5,709	$ 657,697	$ 115	9,945	$ 1,145,706	$ 115
17	4,235	$ 487,869	$ 115	5,708	$ 653,458	$ 114	9,943	$ 1,141,327	$ 115
18	3,008	$ 346,562	$ 115	4,054	$ 467,067	$ 115	7,063	$ 813,630	$ 115
19	3,108	$ 358,061	$ 115	4,189	$ 482,565	$ 115	7,297	$ 840,626	$ 115
Total	29,816	$ 3,723,624	$ 125	40,184	$ 4,904,297	$ 122	70,000	$ 8,627,920	$ 123

Assumptions / Notes

Table depicts subsidies lost from not including 2nd lowest cost .5 plans in APTC calculation in 2014

Projected enrollment information comes from enrollment projections in CalSIM Statewide and Regional Data Books

Reflects subsidy eligible population in 2014 Base Take-up (70,000 Children and 780,000 Adults)

The 70k children were assumed to reside in families in the 251% to 400% FPL range

2010 Census data used to further refine data

1) Translate Regional enrollment projections from CalSIM into the 19 pricing regions

2) Place roughly 40k adults into families with children who were subsidy eligible

Average family size (for those with children) was assumed to be 3.45

Roughly 72% of families included two parents

3) Refine the distribution of FPL for calculation purposes. Families were placed into 6 groupings between the 251% and 400% range.

For purposes of subdividing FPL into 6 groupings, census information for families who lacked insurance were used.

Projected 2014 exchage enrollment from major carriers was used to refine age buckets in CalSIM projections so that age rating factors could be developed

APTC calculations were performed at the midpoints of the 6 FPL ranges using average anticipated age factors

Age factors were applied at the regional level

APTC amount lost differs from Table 1 in November Wakely paper as different anticipated enrollment and regional level premiums assumed

REFERENCES

California Association of Dental Plans Issue Brief, dated January 11, 2014, addressed to the Covered California Board of Directors.

Covered California Board Review Brief, August 8, 2013. **Pediatric Dental Coverage: Background and Policy Options.**

Covered California: Options for Covered California to Offer Pediatric Dental Coverage in 2015. Prepared November 13, 2013 by Wakely Consulting Group.